1 be approximate. 2 Before you tell us that, just so 3 I'm clear, in 2005 you're saying either the equity changed significantly or the voting 4 5 changed significantly or both? The equity, but it didn't change 6 7 -- not significantly. It changed slightly 8 based on selling some preferred stock. 9 0 Okay. 10 It's slight dilution. I've always Α 11 maintained somewhere in the neighborhood of 70 12 percent on the vote and somewhere north of 54 13 -- around 54 on the equity. I think we're 14 down probably just a little over 50 percent on 15 the equity right now. 16 You'd have to take a look at the, 17 you know, the latest documents that we sent. 18 I do not have those numbers in my head. 19 And so currently now, the 0 Okav. 20 to the best of your recollection your 21 voting percentage is what?

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North of 70 percent.

Α

1) Q	Somewhere between 70 and 78
2	percent, th	ne way you described it previously?
3	A	Yes. That would
4	Q	And equity around 54 percent or
5	more?	
б	A	No, no, no. Like I said, it's
7	north of 50	percent, but it's less than fifty
8	between	50 and 54.
9	Q	Between 50 and 54. Okay.
10	A	That's to the best of my
11	recollection	on.
12	Q	Sure. I understand.
13	A	Okay.
14	Q	Now, did you know that Chandu
15	Patel died	?
16	A	Yes.
17	Q	And do you know approximately when
18	he died?	
19	A	Oh, I always get this wrong. '03.
20	Is it '02 o	r '03? I sometimes get confused on
21	dates.	
22	0	Okay.

1	A I can always supplement it later,
2	if you'd like. I just recall it being in the
3	middle of the 800 MHz rebanding, and I'd like
4	to say '03.
5	Q Okay. And at the point of his
6	death was he still the major financial backer
7	for the company?
8	A Yes, yes, yes.
9	Q And how does his death affect PCSI
10	or PAI's prospect?
11	A Well, we lost a major backer,
12	financial backer in the company. There's
13	and it had a big effect on the company.
14	Q What kind of effect?
15	A Well, it meant that we needed to
16	look in other directions for the capital. The
17	Patel family continued to assist, but not with
18	the same degree of participation as Chandu.
19	Q At the point of his death in
20	around 2003, how much was he giving to the
21	company annually or investing in the company
22	annually?

1	A Not a tremendous amount, but I'd
2	have to go back and look at the numbers.
3	Depending on the year, you know, anywhere from
4	two to three hundred thousand dollars a year.
5	But I hesitate to give numbers
6	without actually looking at I mean, if
7	you're going to hold me to numbers, you're
8	asking questions without me having the ability
9	to look at documents.
LO	Q Well, I'm asking you to
L1	approximate.
L2	A Okay.
L3	Q I understand that without the
L4	document in front of you, you cannot be
L5	A It wasn't a tremendous amount, but
L6	it was enough, you know, to fund what we were
L7	doing.
L8	Q And was the final payment, which I
L9	think you indicated was \$24 million, of which
20	there was a corporate guarantee given, that
21	was from Chandu Patel, correct?

Α

Yes.

1	Q And do you know when that was
2	given, what year it was given in?
3	A Yes, that was the auction payment
4	for 2000.
5	Q That was paid in 2000?
б	A Yes.
7	Q Okay.
8	A Yes.
9	Q Okay. So that wasn't a
10	A I'm not trying to fool you
11	Q Okay. Are you saying that's his
12	final
13	A Well, no, no, no. I'm not saying
14	I'm referring to that specific payment.
15	A You jumped. You jumped.
16	Q I went back to the payments that
17	you had
18	A All right.
19	Q that you had told us about
20	previously. The last one you told us about
21	was the \$24 million, I think, which was the
22	payoff figure for the licenses, is that

1	correct?
2	A That's correct.
3	Q Okay.
4	A Right.
5	Q And I'm just trying to get an idea
6	of what year that payoff, the year, was given.
7	Sometimes it can be 2000, it depends on the
8	structure of the licensee. That could be the
9	same
10	A The structure of the auction,
11	actually.
12	Q it might be the same, or it
13	might be
14	A The structure of the auction.
15	Q What?
16	A The structure of the auction.
17	Q Yes, that too. And you've
18	testified that PAI enjoyed a status of being
19	a designated entity?
20	A That is correct.
21	Q Okay. And you did not take
22	advantage of the installment payment plan, is

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1	that corre	ct?
2	A	There wasn't one for that auction.
3	Q	There wasn't
4	A	Cash on the barrel head.
5	Q	Was it? Okay. Do you know, was
6	Chandu Pat	el an American citizen?
7	A	Yes.
8	Q	He was. Let me ask you also about
9	Jay Bishop	. Can you tell us where and when
10	you met hi	m?
11	A	Probably on a baseball field when
12	we were el	even years old.
13	Q	Okay. So you've known him since
14	childhood?	
15	A	Yes.
16	Q	All right. And you I assumed
17	you lived	or grew up in the same area
18	, A	Yes.
19	Q	in California?
20	A	Yes.
21	Q	Where was that in California, what
22	part?	

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1	A Atascadero, California.
2	Q And how did your relationship with
3	him develop, and what's your current
4	relationship with him, I should ask. You can
5	start with your current. What's your current
6	relationship?
7	A Can we go off the record for a
8	second?
9	Q Sure.
10	(Whereupon, the above-entitled
11	matter went off the record at 10:38 a.m. and
12	resumed at 10:40 a.m.)
13	BY MR. OSHINSKY:
14	Q Okay. So the question before you
15	is: What's your current relationship with Jay
16	Bishop?
17	A He's a friend.
18	Q Okay. Do you have a business
19	association with him?
20	A No.
21	Q You do not?
22	A No.

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1	Q Did you at one point?
2	A Yes. He was yes.
3	Q Okay. Can you tell us when that
4	was approximately?
5	A That was in '98 through 2000
6	yes, pretty much through the end of 2000,
7	2001. Actually you can probably even go prior
8	to 2001. Yes, through the end of 2000.
9	Q Through the end of 2000.
10	Q And can you tell us what the
11	business relationship was from '98 to 2000?
12	A Yes. Jay Bishop was a consultant
13	to the company, to PCSI.
14	Q And did there come a time when he
15	got a conviction for a felony?
16	A Yes.
17	Q Okay. Do you know when that was,
18	approximately?
19	A In 2000.
20	Q Okay. And after his conviction
21	what was your business relationship after his
22	conviction?

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1	A It ended.
2	Q It ended?
3	A It ended, yes.
4	Q Okay. And do you know what the
5	conviction was for?
6	A Tax-related issue.
7	Q Okay. Did he actually go to jail
8	as a result of that?
9	A Yes, he did.
10	Q And let me ask you about Pendleton
11	Waugh. You described your relationship with
12	him as well. Did you also have a business
13	relationship with Pendleton Waugh?
14	A Yes.
15	Q Okay. And can you describe that
16	for us?
17	A He was a consultant to Preferred.
18	Q Okay. And is he still a
19	consultant to Preferred?
20	A No.
21	Q He's not? When did that business
22	arrangement end?

1	A It ended either late late 2007,
2	early 2008.
3	Q How did it end? Was there a
4	precipitating cause for it to end?
5	A It mutual agreement that we
6	that Preferred did not want to continue to pay
7	for his consulting services, and I guess
8	that's the answer. We just decided we did not
9	want to utilize his services any longer.
10	Q Was it an amicable separation?
11	A For the most part, yes.
12	Q And you've testified that you were
13	aware that Pendleton Waugh had these two
14	felony convictions. You've also stated that
15	he worked as a consultant for PCSI. Was it
16	beginning in 1998, approximately?
17	Approximately at the beginning of the
18	inception of PCSI?
19	A I'd have to look at the dates. I
20	believe the probably I'm looking more at
21	summer of '98 is when he really started to
22	when we really started using him as a

1 consultant to the company. 2 Prior to that it was more of an 3 advisor, advisor role or -- but it became more 4 formal in that summer. I'd have to go back 5 and look at dates and what was going on at the 6 time. 7 Q All right. Did -you've 8 indicated that he was quite knowledgeable 9 about the spectrum and about the business. 10 Α He's -- yes. He had a lot of 11 experience, number one, in the licensing in 12 Puerto Rico, which is key. And years of 13 in dealing experience with FCC-related 14 licensing and such. 15 As far as overall business, not so 16 much in terms of how to run a company, but it 17 was his wireless experience that was the key. 18 0 Did you say that the licenses 19 owned by Express were also in Puerto Rico? 20 Did you tell me that? 21 I don't think Express owned any Α 22 licenses.

1	Q That's right. You did say that
2	they did not. The licenses they were dealing
3	with, were those Puerto Rican?
4	A I do well, Express
5	Communication's clients were the were the
6	licensed corporations that held the licenses
7	in Puerto Rico.
8	Q Okay. I was
9	A That's where Telecellular
10	original Telecellular came from, was the
11	filings that they had done back in '93, '94.
12	Q Okay. Did he help with the
13	with putting together the applications for
14	Auction 34?
15	A No. Other than he to be real
16	specific, and this is ten years ago, that was
17	Michelle's responsibility and I do recall that
18	Pen, at one point, was looking over her
19	shoulder just to see what she was doing and
20	catch any mistake at the time.
21	And I do believe that he was
22	listening into a conversation that that

1	Michelle was having with David Kaufman, but I
2	he did not prepare anything, any document.
3	He was observing the process.
4	Q Well, actually my question was:
5	Did he participate in the preparation, if you
6	know? In any way.
7	A No. Like I said, that was I
8	gave you what I recall of that process. That
9	was Michelle's responsibility and to the best
10	of my recollection, he did not participate in
11	preparing that filing.
12	Q Okay. In at the point where
13	PCSI received communications from the
14	Commission here about it being designated for
15	hearing, the proceeding that we're in
16	currently, did that change your relationship
17	with Pendleton Waugh?
18	A Can you be
19	Q Did it affect your relationship
20	with him in any way, your business
21	relationship or, actually, your personal

relationship, and take the business one first.

1	A Okay. Let me understand. You're
2	saying that when we got the first LOI or the
3	designation hearing
4	Q If you want to answer it that way,
5	that's fine. My question was about the
6	designation for hearing, but it's true that
7	the proceeding actually began from PCSI's
8	standpoint with the LOI.
9	So, let me rephrase it and ask it
10	that way. Did your relationship with
11	Pendleton Waugh change at the point where you
12	received where PCSI received the first
13	the Commission's first letter of inquiry? I
14	should say, the Bureau's first letter of
15	inquiry.
16	A No.
17	Q It did not?
18	A No.
19	Q And what about the second letter
20	of inquiry?
21	A No.
22	Q All right. And then now, we

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1	arrive at the hearing designation order.
2	A No.
3	Q No, it did not? Okay. And you
4	may have testified already, but at this point
5	now that you've parted company in your
6	business relationship, how is your personal
7	relationship with him currently?
8	A There is none.
9	Q You have no personal relationship
10	with him, either?
11	A No.
12	Q Okay. Is there a specific reason
13	for that?
14	A Probably the best way to describe
15	it is we don't like each other.
16	Q Can you tell us the history of how
17	that evolved? I mean, obviously that wasn't
18	the case in the beginning, and then you've
19	been associated for many years, how did your
20	eventual mutual dislike develop?
21	A Oh. Wow. I would say that I
22	think the business and the personal

1	relationship started to break down when he and
2	I actually worked together in the same office
3	in 2002.
4	Q Okay. That sort of the beginning
5	of the end, you mean?
6	A Well, that was the beginning of
7	conflict and friction between the two of us.
8	Q All right. Can you tell us what
9	the source, generally what the source of the
10	conflict and friction was?
11	A I'm trying to figure out how this
12	is relevant to anything, but
13	Q Maybe it isn't, but
14	A I know you're curious.
15	Q I have to ask, I mean
16	A Do you? Wow, how do I put
17	Q Was there some business practices
18	that he had that you didn't agree with, some
19	way of conducting himself in the business that
20	rubbed you the wrong way?
21	A Wow. I'm going to need some time
22	to think about how to answer this this

1	particular question.
2	Q All right. Let me we can come
3	back to that, but
4	A Can we go off the record here for
5	a second?
6	Q Sure.
7	MS. SINGH: Sure.
8	THE WITNESS: Okay.
9	(Whereupon, the above-entitled
10	matter went off the record at 10:52 a.m. and
11	resumed at 10:54 a.m.)
12	BY MR. OSHINSKY:
13	Q Okay. I guess we don't need to
14	repeat the last question. My question is:
15	What was the source of the friction or the
16	conflict between you and Pendleton Waugh in
17	the business?
18	A The conflict arose in trying to
19	conduct business, his arrogance and his
20	mentality when it comes to business. I
21	noticed there's been a change over the years
22	and I was able to see, when I was, you know,

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working with him on a day-to-day basis there was a -- I had always known Pen to be the dreamer, the planner, you know, in the stages of company's development there's dreamer, there's the builder and then there's And Pen is -- he's the bureaucrat. dreamer, and he's an idea guy. Working with him on a day-to-day basis, I'm okay with the dreamer, the planner, but the arrogance and the -- we just -- over time it was very difficult because -- it was difficult for me to conduct business because -- but mainly his arrogance and his personality.

Q Okay. Can you -- I'm not going to ask you for a description of his personality, but you said his mentality in the business. Can you give us -- can you briefly describe what his mentality was in the business?

Just so we're clear, you said you started working with him in 2002. That was in California, I take it? Where were you working on a day-to-day basis?

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1	A That was in Texas.
2	Q Oh, that was in Texas.
3	A Yes.
4	Q Okay. And were you living in
5	Texas at that time?
6	A Yes. Yes.
7	Q Okay. So that went from 2002
8	through what year?
9	A End of 2004.
10	Q End of
11	A Beginning of 2005.
12	Q All right. So, let me go back to
13	my other question. How would you describe his
14	mentality in the business?
15	A Well, it was very difficult to
16	figure out what areas that he could assist,
17.	aside from, you know, basically being the guy
18	that he's good at drafting, good at
19	writing, but where the rubber meets the road
20	it became difficult to assign something to him
21	knowing that he couldn't he can't take
22	anything from A to Z.

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I gave him a task. He could do --1 2 start something, not finish it, or he would 3 take something and finish it, but not do the 4 entire thing. 5 And so what I ended up being 6 frustrated in, having to, you know, basically 7 double my workload having to do what I needed 8 to do, plus having to fix a lot of the stuff 9 that he was working on. 10 And did you, in working 0 Okav. 11 him in that way, did you come 12 loggerheads with him where you, you know, he 13 had to do something one way and you had to 14 have it done the other way, perhaps 15 correct way? 16 Α Well, --17 it matter of 0 mean, a was 18 insubordination or was it simply that 19 couldn't complete his project -- the project 20 he was --Well, it wasn't insubordination. 21 22 It's just the way his -- it's the way he is.

There is no -- there's things -- Pen is very smart, very brilliant, and very good at the things that he's good at, and horrible in certain things.

And that duality was difficult for me to deal with, and trying to figure out -you know, Pen's -- he's not a spoke in the wheel, he's not a gear in the machine. He's a -- you know, he's a free spirit and it made it very difficult when -- when it comes to, you know, working on a project.

Now, there's -- I'd say the easiest thing in working on projects was, you know, drafting of documents and that was his -- obviously his training as an attorney, we know, to write things was -- you know, but he was -- trying to figure out what -- how to utilize him and with the arrogance involved with it that rubbed -- that started to rub and then his -- you know, we clearly didn't work well together after a while.

Q Okay. So, is that why you sort of

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1	parted physical company in 2004? Did you go
2	and work at another office at that point? You
3	said you began working with him on a daily
4	basis from 2002 to about 2004.
5	Did you I know Preferred had a
6	second office at some point. Did you then
7	separate out physically, or how did that work?
8	A Yes. There was a physical
9	separation.
10	Q Okay. And what was it? Did you
11	go somewhere? Did he go somewhere?
12	A He went to California.
13	Q He went to California, you
14	remained in Texas?
15	A That's correct.
16	Q Okay. And your association with
17	him was long, so and you've described him
18	as brilliant. Is it fair to say that he did
19	come up with a lot of good ideas for the
20	company or ideas you found valuable?
21	A Yes. Yes.
22	Q Okay. And the problem, as you

1	said, was his arrogance?
2	A Well, you know, with Pen, he'll
3	have 25 ideas in a day and, you know, there
4	might be one good one. But he thinks they're
5	all good and and you know, at some point
6	the you put the ideas aside and you get to
7	work. And so
8	Q Well, did he insist on doing
9	things his way?
10	A No. No. He I wouldn't say
11	no. He didn't insist on doing things his way.
12	He's just incapable of he didn't have the
13	mentality for a structured business
14	environment. He's a free spirit.
15	Q So, what would happen to if he
16	produced 25 ideas, only one of which was good,
17	what would happen to the rest of them?
18	A Nothing would happen. You know
19	you know.
20	Q Okay. Let me ask you this: In
21	the past few years how would you say with
22	an understanding of everything, the

1	circumstances surrounding the licenses, how
2	did the employees well, first, let me ask
3	you: How many employees does PCSI/PAI have at
4	this point? Are they do they share
5	employees, in effect?
6	A Well, you have a parent company
7	and PAI is the licensee, and PAI has never had
8	any employees.
9	Q Per se?
10	A Per se, yes. It's all done at the
11	parent level.
12	Q Okay. And so how do the
13	employees/consultants/workers at PCSI, how do
14	they spend their how have they been
15	spending their day their days in the past
16	few years?
17	A Can you be more specific?
ļ	
18	Q In other words, what is the day-
18 19	Q In other words, what is the day- to-day activities of the employees of PCSI?
19	to-day activities of the employees of PCSI?